

BREAKING | Aug 31, 2021, 02:55pm EDT | 19,363 views

# Social Security's Trust Fund Will Now Run Out Of Money By 2034 Without Congressional Action



**Graison Dangor** Forbes Staff  
Healthcare

[Follow](#)

Listen to article 2 minutes

Updated Aug 31, 2021, 03:47pm EDT

**TOPLINE** Social Security's trust fund will **run out of money** in 2034, accelerating by a year because of lost tax revenue during the pandemic, while Medicare's main trust fund will be empty by 2026—unless Congress raises taxes or cuts benefits.



Fewer payroll taxes meant that there was less revenue coming in to the Social Security trust fund. GETTY IMAGES

## KEY FACTS

- Both Medicare and Social Security will be able to fund benefits after those dates, but not fully: Social Security will fund 78 cents on the dollar while Medicare will fund 91%, according to [annual reports](#) for each program released Tuesday.
- The 2021 reports of the trustees for Social Security and Medicare—comprised of the secretaries of the Treasury, Labor, and Health and Human Services (HHS)—are the first to take in the impact of the pandemic, according to officials with HHS, which administers both programs.
- The increase in death rates among Social Security beneficiaries slightly offset the loss in revenue due to unemployment.
- Medicare's main trust fund has been projected to run out of money in 2026 for the last several years.
- The potential impact of the expensive Alzheimer's drug Aduhelm was not estimated in the Medicare report, officials said, because they can't estimate its cost until Medicare administrators decide [whether to cover it](#).

#### CRUCIAL QUOTE

"Policymakers have time to deal with this, but 2026 isn't so far away," Tricia Neuman, head of the Program on Medicare Policy at the Kaiser Family Foundation, told *Forbes* in an email. There are "very real challenges facing our country," she said, "in terms of financing care for an aging population."

#### KEY BACKGROUND

[Medicare's trust funds](#) are financed by payroll taxes, income taxes on Social Security benefits, Medicare premiums and general tax revenue, according to the Tax Policy Center, while Social Security's trust funds are funded [mostly by payroll taxes](#).

#### SURPRISING FACT

Fewer people than expected filed for Social Security benefits in 2020, especially Disability Insurance, officials said in a call with reporters

Tuesday.

FURTHER READING

[Trustees Report Summary \(Social Security Administration\)](#)

[Medicare Could Be Insolvent In 2024: How To Prevent It \(Forbes\)](#)

Forbes

Careers

### Climb the Career Ladder with Forbes

Land the job, get a raise and learn to lead with our weekly newsletter.

Email address

Sign Up

You may opt out any time. By signing up for this newsletter, you agree to the [Terms and Conditions](#) and [Privacy Policy](#).

Follow me on [Twitter](#). Send me a secure [tip](#).



Graison Dangor

Follow

I've reported on mental health, healthcare, business and other topics for NPR, Kaiser Health News, Al Jazeera and the Minneapolis Star Tribune. Story tips welcome at [gdangor@forbes.com](mailto:gdangor@forbes.com)... **Read More**

Reprints & Permissions